

## Message Text

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PAGE 01 ALGIER 03018 011729Z

54

ACTION NEA-10

INFO OCT-01 ARA-10 EUR-12 ISO-00 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-15 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00

FEA-01 /126 W

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R 011430Z SEP 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3028

INFO AMEMBASSY CARACAS

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS ALGIERS 3018

DEPT PASS USINT BAGHDAD

E.O. 11652: N/A

TAGS: ENRG, OPEC, AG

SUBJECT: ALGERIAN PRESS REACTION TO OPEC CONFERENCE

1. EL MOUDJAHID CARRIED EDITORIAL SEPT. 29 MAINTAINING THAT COMPROMISE REACHED AT VIENNA OPEC CONFERENCE WAS DUE TO EFFORTS MADE BY ALGERIAN DELEGATION. ALGERIANS, ACCORDING TO EDITORIAL, HAD WORKED TO RECONCILE THREE POSITIONS WHICH EXISTED AT CONFERENCE: A) SAUDI POSITION IN FAVOR OF 0-5 PERCENT INCREASE, B) POSITION OF IRAQ, LIBYA AND IRAN IN FAVOR OF AN INCREASE OF MORE THAN 20 PERCENT, AND C) PSOTION OF GROUP OF NATIONS INCLUDING ALGERIA WHICH SOUGHT AN INCREASE OF ABOUT 10 PERCENT.

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PAGE 02 ALGIER 03018 011729Z

2. EDITORIAL CHARGED THAT WORLD REACTION TO THE OPEC DECISION HAD BEEN ORCHESTRATED BY THE US. CONTRARY TO THE RESTRAINT WHICH HAD BEEN SHOWN BY SECRETARY KISSINGER, EDITORIAL NOTED, PRESIDENT FORD HAD STRONGLY CRITICIZED OPEC PRICE DECISION; HOWEVER, PRESIDENT FORD OBVIOUSLY HAD INTERNAL US AUDIENCE AND DISPUTES WITH CONGRESS OVER ENERGY POLICY IN MIND IN MAKING THIS CRITICISM, ACCORDING TO EDITORIAL. OTHER WESTERN NATIONS BY CONTRAST HAD REACTED THAT PRICE INCREASE COULD HAVE BEEN HIGHER.

3. OPEC DECISION, ACCORDING TO EDITORIAL, MOTIVATED BY DESIRE TO AVOID OVERWHELMING ECONOMIES OF WESTERN WORLD WHICH NOW IN DIFFICULTY. DECISION TO RAISE OIL PRICES BY ONLY 10 PERCENT THUS REPRESENTS A "FRIENDLY GESTURE."

4. ON THE SUBJECT OF SDRS, EDITORIAL MAINTAINED THAT RECENT INCREASE IN VALUE OF DOLLAR, RESULTED FROM US MANIPULATIONS AIMED AT DISUADING OPEC FROM USING SDRS AS UNIT OF ACCOUNT. PEC, HOWEVER, SEES NO PROBLEM IN CONTINUING TO USE DOLLAR IF DOLLAR MAINTAINS ITS PRESENT VALUE.

5. EDITORIAL CONCLUDES THAT OPEC OPTED FOR A COMPROMISE SOLUTION TO PRESERVE THE SPIRIT OF HARMONY WHICH HAS PREVAILED AT RECENT INTERNATIONAL CONFERENCES AND TO GIVE THE CONSUMER COUNTRIES A NEW CHANCE TO CONTROL BOTH INFLATION AND RECESSION. THE SATISFACTION EXPRESSED BY THE PARTICIPANTS AT CONCLUSION OF PEC CONFERENCE WAS NOT DUE TO \$1.05 INCREASE, BUT TO INTENTION OF ENGAGING ON A REASONABLE BASIS IN A DIALOGUE BETWEEN DEVELOPED AND LESS DEVELOPED COUNTRIES. IN CUTTING THE PRICE INCREASE IN HALF OPEC WAS ABOVE ALL LOOKING TO FUTURE.

6. EDITORIAL FITS IN CONTEXT OF HEAVY COVERAGE OVER PAST WEEK OR TWO OF OPEC RELATED ISSUES. ALGERIAN CONCERNS, AS REFLECTED IN PRESS, HAVE FOCUSED ON:

1) OPEC COUNTRIES' LOSS OF PURCHASING POWER AS RESULT OF HIGH RATE OF WORLD INFLATION DURING PAST YEAR.

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PAGE 03 ALGIER 03018 011729Z

2) DESIRE TO AVOID FUTURE MINOR PRICE CUTTING BASED ON QUALITY AND FREIGHT DIFFERENTIALS; ALGERIA SEES ITSELF AS WRONGED PARTY, WHICH STUCK TO FIXED RELATION TO MARKER CRUDE PRICE IN 1974, WHILE LIBYA AND NIGERIA SHAVED DIFFERENTIALS.

3) STATEMENTS BY SECRETARY KISSINGER AND OTHERS REPORTEDLY SAYING US-OPEC COUNTRY RELATIONS WOULD BE

JEOPARDIZED IF OIL PRICES WERE RAISED.

4) RELATIONSHIP BETWEEN OPEC CONFERENCE AND  
"NORTH SOUTH" DIALOGUE BOTH IN PRODUCER/CONSUMER  
CONFERENCE AND AT UN AND RESULTANT NEED FOR MODERATION  
SO AS NOT TO AFFECT ADVERSELY OPPORTUNITY FOR DIALOGUE  
WITH INDUSTRIALIZED NATIONS.PARKER

NOTE BY OCT: NOT PASSED USINT BAGHDAD.

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## Message Attributes

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